

INSIDE: 2015 URS Summary Annual Report to Members
SAFEGUARDING YOUR FUTURE

Cycles

For Retired Members of Utah Retirement Systems | Summer 2016 | Volume 34, No. 2



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Remember When...

1930s » This comic strip debuts in the *New York Mirror* in January 1930.

1940s » He becomes the first man to break the sound barrier in 1947, flying the experimental Bell X-1 at Mach 1.

1950s » This author of *The Old Man and the Sea* earns a 1953 Pulitzer Prize and a 1954 Nobel Prize in literature.

1960s » An estimated 450,000 people descend on Bethel, NY, for this cultural event in 1969.

1970s » Workers complete this Chicago landmark, the world's tallest building in 1973.

1980s » The U.S. boycotts this 1980 event in protest of the Soviet invasion of Afghanistan.

1980s: Summer Olympics in Moscow

1970s: Sears Tower

1960s: Woodstock Music and Art Fair

1950s: Ernest Hemingway

1940s: Chuck Yeager

1930s: Mickey Mouse

Create a myURS Account Today

- » View pension payment information
- » Manage savings plans
- » Get pension and savings plans statements
- » See and change your beneficiaries
- » View tax documents
- » **Create your account at www.urs.org**

Retirement Savings Plans

How to Donate to Charity Tax-Free From Your IRA

If you're 70½ or older you can donate up to \$100K

Qualified Charitable Distributions (QCDs) allow individuals age 70½ to donate up to \$100,000 each year directly from their IRA without treating the distribution as taxable income.

With the passage of the Path Act in December 2015, the provision is now permanent.

To qualify, funds must be transferred directly by the IRA trustee (URS). Get started by filling out an *IRA Charitable Distribution Form* at www.urs.org (or request a copy: publications@urs.org or call 801-366-7720).

Not all charities are eligible, for example, donor-advised funds and supporting organizations. Check with the charity about eligibility.

A QCD is available whether or not you itemize deductions. The distributed amount is excluded from your income; however, no deduction, such as a charitable contribution deduction on Schedule A,

Get Started

Request a charitable distribution by filling out an *IRA Charitable Distribution Form*. Find it at www.urs.org or email a request to publications@urs.org.

may be taken for the distributed amount.

Amounts transferred to a charity are counted toward your IRA's required minimum distribution (RMD). Also, if you've made nondeductible contributions to your traditional IRA, a special rule treats amounts distributed to charities as coming first from taxable funds, instead of proportionately from taxable and nontaxable funds, as would be the case with regular IRA distributions.

Distributions from employer-sponsored retirement plans, such as the URS 401(k) and 457 plans, are not eligible. ■

Cover Story

Nurturing What You've Saved

How URS helps you get the most from your retirement savings

All investing involves risk. But, with URS, you can rest assured your retirement savings plans are in capable hands. The investing world is rife with fly-by-night managers and advisors, unscrupulous hidden fees, and outright scams. URS helps protect your savings from such threats. We thoroughly vet all of our money managers. Our low fees mean you keep more of what you've earned. The next two pages show you how URS works to protect what you've saved and what you can do to protect yourself.

URS Savings Plans How We Help Protect Your Assets

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- » Questions to Ask if a Salesman Has Your Ear About Moving Your Money



Cover Story



Nurturing What You've Saved

With URS » Professional Money Management

One important function URS provides (with the help of industry investment consultants such as Callan Associates) is to research their credentials, expertise, and stability before hiring professionals to manage your money. It doesn't end there. After URS hires an investment professional, we continue to monitor many key factors, including: the investment managers' current and historical rates of return, their performance relative to peers, their organization's stability, and whether there is turnover among their key people. When you keep your money in URS Savings Plans, we do the work of weeding out poor-performing or unscrupulous money managers.

With URS » Local Customer Service

Have you ever bought something from a salesman and were unable to find him again because he lived or moved out of state? Or, have you ever called a customer service department and had to talk to someone in another state or even in another country? One of the great benefits of working with URS: Our call center and counseling services are local. When you call, you're talking to someone in Utah who has your account information at his or her fingertips. You can even meet with a counselor or advisor if you prefer face-to-face contact. URS Savings Plans have been around for 44 years — with your records and our headquarters always right here in Utah for your convenience and protection.

See our yearly *Investment Options* brochure for a quick overview of URS Savings Plans and your investment options, including a breakdown of fees. Find it at www.urs.org or email publications@urs.org.



With URS » Low-Cost Investing

There are costs involved with paying professionals to invest for you and to do the record-keeping on your investments. Like any industry, there is a broad range among costs. Often, costs are high in order to pay sales commissions. URS works hard for you by monitoring the fees you are paying within our plans, and we negotiate with the investment managers to get low fees relative to the service they provide. We don't charge front-end sales loads, back-end sales loads, or contingent deferred sales charges. No one in our office earns commissions. Our published rates of return have already been adjusted for record-keeping and investment management fees, so you're getting exactly what we publish. We're proud of our low fees, and openly publish them at www.urs.org and in our publications (you don't have to read a 200 page prospectus to figure out the true cost of your plans).

Cover Story



Nurturing

What You've Saved

Salesman Got Your Ear?

Important things to think about before you consider moving your money

Have you been approached by a salesman about rolling over your money from URS?

First off, you're not required to take your money out of URS simply because you are no longer working. If someone tells you that you must rollover your money to another institution because you are retired, please call us first (801-366-7720).

And finally, before giving someone else your money to invest, work through the

risks we have discussed.

» Do you know anything about their credentials, expertise, and stability?

» Do you know how they intend to invest the money and what money managers they will use?

» Have you reviewed all of the potential fees you may be charged: investment management, record keeping, commissions, loads, withdrawal penalties, and insurance?

» Do they have stable long-term local representation?

» Can you go directly to their headquarters to solve any concerns or questions you have? ■

Consolidate Old Accounts With URS

Have a 401(k), 457(b), or IRA from a previous employer?

Simplify your life — and enjoy the peace of mind of knowing your fees are low — by rolling over other accounts to URS.

It's easy and has many benefits, including:

- » Ease of managing your accounts
- » Local customer service

» Professionally managed investment options

» Low investment and administrative fees

Just fill out one easy form, send it to us, and you're done.

In many cases, you won't have to deal with the other institution — we'll make all the arrangements. Call us at 801-366-7720 or 800-688-4015 if you have questions. ■

The Form

Find it at www.urs.org. Or we can email it to you. Send a request to dcplans@urs.org. Or call us at 801-366-7720 or 800-688-4015.



Beneficiaries Q&A

Important Decisions, Important Questions

Take the proper care naming and reviewing your beneficiaries

You earned it, you should decide who inherits it. But if you fail to name a beneficiary, or you let your selections become outdated, the law may decide for you. Be vigilant about reviewing your beneficiaries with URS each year and any time your circumstances change

(marriage, divorce, birth, adoption, death, etc.). Incorrect information could delay your wishes or leave your loved-ones without any money or recourse. Don't let that happen. The following two pages give you answers to basic questions about designating beneficiaries.

How do I View or Update My Beneficiaries?

View and update your beneficiaries by logging in to your myURS account at www.urs.org. They're listed separately and can be changed individually for your retirement (pension) benefits and for each retirement savings plan account you own. Your beneficiaries are also listed on your savings plans quarterly statements and your annual pension statement. Or, update your beneficiaries with our *Beneficiary Designation Form*. Request this form by calling our office at 801-366-7720 or by emailing publications@urs.org.



Two Types

1. Primary Beneficiary

» Receives benefits upon your death.

2. Contingent Beneficiary

» Receives benefits upon your death only if the primary beneficiary is deceased.

Can I Name a Trust as a Beneficiary?

Yes. Your trust becomes a legal entity that can be named as your primary or contingent beneficiary to receive any eligible URS payments a living beneficiary would receive. Be sure to list the name and date of the trust along with the name and address of the trustee(s) and whether it is a revocable or irrevocable trust (or becomes irrevocable, by its terms, upon your death). If you name a trust as a beneficiary for your savings plans, your beneficiaries may have restricted withdrawal options.

Beneficiaries Q&A

Savings Plan Strategies

Tax considerations can help maximize how much your beneficiaries keep

Planning for what will happen when your beneficiaries inherit your URS Savings Plan accounts is important. When the time comes, URS will contact each of your designated beneficiaries with instructions on how to transfer the funds. After the account has been transferred, each designated beneficiary can choose how to take withdrawals — as a partial payment, a full withdrawal, or over life expectancy.

It's important to remember, if you're passing along a pre-tax account (like the 401(k) or 457), any amount withdrawn is

taxable to your beneficiaries in the year they withdraw it.

The tax rate will be according to the beneficiary's tax filing status and income. Tax rates vary widely and a little planning can mean less of the inheritance goes to the taxman.

For example, suppose your beneficiaries are in a higher tax bracket than yours. You could convert some of these pre-tax amounts to a Roth IRA during your lifetime, thus paying taxes at your lower rate. Or, is the opposite true, and your tax bracket is higher than theirs? Consider leaving the money in the pre-tax accounts.

These are important considerations. Consult a tax advisor for advice specific to your situation. ■

Can I Designate a Minor as a Beneficiary?

Yes. If you name minor children as beneficiaries, we require legal guardianship papers for each child if, at the time of your death, they are unmarried and under age 18 or if they are a dependent child who is unmarried with a mental or physical disability.



What Happens If I Don't Name a Beneficiary?

If you haven't named a beneficiary or if your primary beneficiary(ies) die(s) before you and you have not named a contingent beneficiary, the proceeds will be subject to Title 75, Chapter 2 of the Utah Uniform Probate Code.

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Get Help Paying Medical Costs

PEHP Medicare Supplement is available to you

As a retired URS member, you and your spouse are eligible for PEHP Medicare Supplement when you become Medicare-eligible.

Consider the many advantages of PEHP's plans:

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- » New for 2016: dental and vision plans.
- » Discount dental benefit is included at no extra cost.
- » Coverage out-of-state and out-of-country.

Learn more at www.pehp.org/medsup or call 801-366-7555. ■



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